

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary \_ Public

**Date:** 01/19/2011

**GAIN Report Number:** IT1048

## Italy

**Post:** Rome

### **Agricultural News for Italy EU and world – November 2010**

**Report Categories:**

Agriculture in the News

**Approved By:**

James Dever

**Prepared By:**

FAS Rome

**Report Highlights:**

Report contains Italian, EU and world agricultural news items of interest for the month of November 2010

## General Information:

## ITALY

---

### ITALY SECOND IN PIZZA CONSUMPTION

Although Italians eat an average of 7.6 kilograms of pizza a year they remain second to the Americans who eat 13 kilograms, according to a report presented at a trade fair dedicated to the pizza industry. While Italians are not the world leaders for eating pizza, Italians do hold the record for pasta, 27.9 kilograms per capita a year.

According to the report, there are 25,300 pizzerias in Italy, plus an additional 26,700 shops selling pizza by-the-slice or making only takeaway or home delivery pizza.

The annual turnover for pizzerias and takeaway is than €6.9 billion and a total of €16.6 billion when frozen pizza is included. (10/22/2010 ANSA)

### WINE CONSUMPTION FALLS IN ITALY

According to the farmers association *Fedagri*, annual Italian wine consumption has fallen below 20 million hectoliters or 40 liters per capita—a drop of 30% from 20 years ago, Wednesday.

Offsetting the decline in domestic demand has been a boom in exports, which have jumped in value from €2.4 billion to €3.6 billion, an increase of 50%.

Italian exports have rebounded following the global financial crisis and are nearly 8% greater during the first seven months of 2010, compared to the same period last year. The largest increases have been from southern Italy, with gains of 22% in Puglia, 25% in Campania, and 24% in Basilicata, mainly due to investment in promotion and marketing. (11/03/10 ANSA)

### NOVELLO SET TO MAKE 2010 DEBUT

According to the *Coldiretti* farmers union, 2010 production of *Vino Novello* will decline 10% from 2009 production, with just over 200 vineyards making 'new wine' compared to 236 last year. More than 400 vineyards produced *Novello* in 2005 when its popularity peaked. This year's production is estimated to be 8 million bottles, which while greater the 5 million bottles made in 1987, the year the new wine was officially recognized, is a far cry from million bottles produced in 2005. *Novello* is available 2 weeks earlier than French cousin, *Beaujolais*, which traditionally opened on the third Thursday of November.



the  
than  
Italian  
the 20  
about  
is

*Novello*, like *Beaujolais Nouveau*, is a light, fruity red wine, which by law must be bottled within a year of the harvest, but in practice is bottled within a few weeks.

The fruity flavor is in part due to the fact that the juice of the grapes is not left too long with the grape skins which contain the chemical tannin. This allows winemakers to blend several types of grapes and the wine can even be served chilled like white wines. One of the main differences

between *Novello* and *Beaujolais* is that several of the Italian wines retain some of the carbonation used to accelerate the fermentation process while the French *Nouveau* is flat.

The tradition of producing new wine began in the Beaujolais area of France's Burgundy region during the 1950s and caught on in Italy in the late 1980s and early '90s. More than a third of *Novello* produced in Italy is from the northeast Veneto region, which together with the neighboring Trentino region account for half the national production. Other regions making *Novello* include Tuscany, Sardinia Emilia Romagna and Puglia. (11/04/2010 ANSA)

## THE EUROPEAN UNION

---

### EU THREATENS LEGAL ACTION AGAINST IMPORTS OF U.S. ETHANOL

The European renewable Ethanol association ePure claims increased imports of U.S. ethanol is causing problems for the EU ethanol industry and is threatening to request that the Commission take legal actions to halt U.S. shipments. Reportedly, the United States exported 251 million gallons of fuel ethanol to the world in the first nine months of 2010, 58 million gallons to the Netherlands and 10 million gallons to the UK. It is generally estimated that around 15% of the ethanol consumed in the EU originates from the United States.

According to the EU ethanol industry, they are struggling with the increase of imports due to the blender tax credits in the United States. The EU ethanol industry has seen that the EU biodiesel industry has successfully lobbied the Commission to place anti-dumping and countervailing duties against U.S. biodiesel.

### GREEN NGO ATTACK OF EU BIOFUEL POLICY

On November 8, 2010 the Institute for European Environmental Policy (IEEP) published a report based on the renewable energy National Action Plans (NAP) that each EU Member State had to submit by June this year. IEEP prepared the report for Action Aid, BirdLife International, ClientEarth, European Environmental Bureau, FERN, Friends of the Earth Europe, Greenpeace, Transport & Environment, and Wetlands International. The report says that EU biofuel use will account for 9.5% of transport fuel by 2020, with 90% of the biofuel coming from food crops.

When indirect land use change (ILUC) is taken into account, biofuels will emit an extra 27-56 MMT of green house gas (GHG) per year, which would correspond to an extra 12-26 million cars on the roads. The report claims that EU biofuel policy will lead to between 80.5 - 167 percent more GHG emissions than meeting the same need through fossil fuel use. The NGOs called on the European Commission and EU governments to urgently review the impacts of biofuels on Climate Change and food security and to prioritize energy efficiency.

To read the full report, go to the IEEP website.

### EU BIOTECH ACCEPTANCE INCREASES

The European Commission's Eurobarometer on public perceptions of life sciences and biotechnology, released on November 11th, indicated that confidence and optimism are on the rise. The survey, conducted in February of this year, showed that 80% of Europeans are in favor of or are unopposed to biotechnology. However, findings also highlighted that Europeans are still

hungry for facts and communication about the technology.

Commenting on the findings, Nathalie Moll, EuropaBio Secretary General, said "These findings show that Europeans increasingly understand and appreciate the benefits that biotechnology brings to them in terms of healthier, longer lives, cleaner, greener products and processes and increased food and energy security. In particular, we are delighted by the overwhelming support for medical biotechnology and for the strong support shown for crop-based and non-food based biofuels.

Given that Europe has access to only a fraction of the agricultural biotech products on the market compared to the rest of the world, it is even more crucial that we communicate the benefits of the technology with respect to the sustainable use of our natural resources in agriculture, our food security and our economy."

[http://ec.europa.eu/public\\_opinion/archives/ebs/ebs\\_341\\_en.pdf](http://ec.europa.eu/public_opinion/archives/ebs/ebs_341_en.pdf)

EuropaBio

### **EU PROPOSES 0.1% GMO TOLERANCE IN FEED IMPORTS**

The EU Commission has presented its long-promised, "technical solution" for the problem of "minimal, technically unavoidable" presence of unapproved genetically modified organisms (GMO) in agricultural imports by redefining its 'zero tolerance' policy to allow for a so-called Low Level Presence (LLP) of up to 0.1% of unapproved GMOs in feed imports only.

Last year, EU imports of needed maize and soybeans were halted due to trace findings of GMOs unapproved in the EU. Since new genetically modified (GM) plants are increasingly being cultivated in North and South America, exporters have an increasingly difficult time meeting the EU 'zero tolerance' policy for unapproved GMOs, especially since the EU approval system is broken.

International traders have repeatedly warned that the 'zero tolerance' policy (often called the 'zero sense' policy) will lead to a serious feed shortage in Europe.

The EU Commission now intends to loosen its zero tolerance policy by allowing up to 0.1% of GMOs not approved by the EU in feed only as long as the GMO in question is approved in the exporting country, is considered safe, and has a pending application for approval in the EU. Developing different regulations for feed and food imports is controversial in the EU as well as among exporters. Major exporters have submitted a written warning to the Commission that attempts to establish a "dividing line between food and feed" would lead to "insurmountable difficulties in agricultural trade". Conversely, several EU countries, including Germany, have announced support for a slackening of the zero tolerance policy for feed, only if food products remain unaffected. If approved, the new LLP policy would become operative in April 2011 at the earliest. GMO Compass

## **A GLOBAL PERSPECTIVE**

---

### **SUGAR AT 30-YEAR HIGHS**

Sugar is an important reason for the rise in the price of the global food basket in recent months.

According to FAO, sugar prices, which recently surpassed 30-year highs, remain elevated and extremely volatile. Since the May forecast, 2010/11 world sugar production is down, consumption is up, and prices are increasing.

World sugar production for the 2010/11 marketing year is estimated at 161.9 million tons, raw

value, and consumption is forecast at 158.9 million tons. Exports are estimated at 51.8 million tons and ending stocks are estimated at 26.5 million tons, down 564,000 tons. The world's largest net sugar importers are: Russia at 2.95 million tons, Indonesia at 2.9 million tons, and the EU at 2.1 million tons. The United States is forecast to import 1.9 million tons.

World raw sugar prices last May, ranged between 13 to 15 cents/lb. However as the summer progressed prices slowly but steadily edged higher responding to a perceived lower than expected surplus going into 2010/11 and to significant US currency devaluation against the Brazilian real.

Dry weather caused shortage in the supplying countries of Brazil and Thailand. Drought in Russia and flooding in Pakistan reduced production and increased demand for imports in those countries.

Closing NY March contract number 11 raw sugar prices at beginning November were over 31 cents/lb. (FAO and USDA)

### **FOOD IMPORT BILL COULD PASS \$1 TRILLION**

The international food import bill could pass the \$1-trillion mark in 2010 with prices of most commodities up sharply from 2009, FAO said today. In the latest edition of its Food Outlook report, the agency also issued a warning to the international community to prepare for harder times ahead unless production of major food crops increases significantly in 2011. Food import bills for the world's poorest countries are predicted to rise 11% in 2010 and by 20% for low-income food-deficit countries. This means, by passing \$1 trillion, the global import food bill will likely rise to a level not seen since food prices peaked at record levels in 2008.

Contrary to earlier predictions, world cereal production is now forecast to contract by 2% rather than to expand by 1.2 % as forecast in June due to unfavorable weather. World cereals stocks are now forecast to shrink by 7% according to FAO, with barley plunging 35%, maize 12% and wheat 10%. Only rice reserves are foreseen to increase (+6%) according to the report.

"For major cereals, production must expand substantially to meet utilization and to rebuild world reserves, and farmers are likely to respond to the prevailing prices by expanding plantings. Cereals however may not be the only crops farmers will be trying to produce more of, as rising prices have also made other commodities attractive to grow, from soybeans to sugar and cotton. This could limit individual crop production responses to levels that would be insufficient to alleviate market tightness. Against this backdrop, consumers may have little choice but to pay higher prices for their food," FAO warned.

The price increases for most agricultural commodities over the past six months are the result of a combination of factors, especially unfavorable weather, policy responses by some of the exporting countries, and fluctuations in currency markets. International prices could rise even more if production next year does not increase significantly—especially in maize, soybean, and wheat, FAO said in its report. Even the price of rice—the supply of which according to FAO is more adequate than other cereals may be affected if prices of other major food crops continue climbing. (FAO)

- October Agricultural News for Italy and the EU (Italy)
- Italian Fresh Deciduous Fruit 2010 (Italy)
- 2011 Exporter Guide to the Italian Market (Italy)
- EU-27 Cotton and Products Update 2010 (Greece)
- Food and Agricultural Import Regulations and Standards (FAIRS) (Croatia)
  
- 2011 Exporter Guide to the Croatian Market (Croatia)

All reports are available on: <http://gain.fas.usda.gov/Pages/Default.aspx>

**Disclaimer** – USDA FAS Rome agricultural news clips content is derived from major wires, news magazines, and mass distribution press. Inclusion of an item in USDA news clips does not imply USDA agreement; nor does USDA attest to the accuracy or completeness of the item.